

V I R G I N I A: )  
BEFORE THE OIL AND GAS CONSERVATION BOARD )  
IN RE: )  
ORDER ESTABLISHING DRILLING UNITS )  
FOR THE KNOX AND STONES RIVER FORMATION )  
IN LEE COUNTY, VIRGINIA )

ORDER

This cause came on this 11th day of August, 1988, and this 14th day of March, 1989, for hearing upon the application of Penn Virginia Resources Corporation requesting creation of field production rules, including well spacing and drilling unit size, in the Knox and Stones River Formations in the Rose Hill oil and gas fields of Lee County, Virginia. A hearing in this matter was held in the Lee County Public Library, Pennington Gap, Virginia. Notice of the proposed hearing and of the filing of the application by Penn Virginia Resources Corporation stating the time, date and place of hearing was duly and properly given as required by law and the Rules of the Board. The Board has examined the Notices of Publication, the Publisher's Affidavit of Publication and the Affidavit of Mailing and further conducted an inquiry into the sufficiency of Penn Virginia Resources' search to determine the names and whereabouts of persons required to be served. Based upon the evidence, the Board finds that the applicant has exercised due diligence and conducted a meaningful search of reasonably available sources and hereby approves the service by publication as meeting statutory requirements, Rules of the Board and the minimum standards of State and Federal due process.

It appearing to this Board that the applicant, Penn Virginia Resources Corporation, is an owner of the right to develop and produce oil and gas from the Knox and Stones River formations underlying the lands described in the map attached hereto and made a part hereof as Exhibit A and to appropriate

the oil and gas produced therefrom. Available data shows that the Knox and Stones River formations underlying lands in the Rose Hill area of Lee County, Virginia are a common accumulation of oil and gas, being predominately gas productive, separate and distinct from and not in communication with any other common accumulation of oil and gas. It further appearing from the evidence presented that wells developed in the lands involved in this petition predominately produce gas from the Knox and Stones River formations in the Rose Hill field and will efficiently and economically drain a maximum area approximately 120 acres. Based upon this evidence presented, including testimony with respect to surface topography, property lines of the lands underlain by the Knox and Stones River formations, applicant's proposed plan of well spacing that has been employed in the pool, the depths at which production from the pool has been found, the nature and character of the pool, the maximum area which may be efficiently and economically drained by one well, the Board is of the opinion that establishment of permanent drilling regulations, and establishment of unit sizes is necessary to prevent waste of oil and gas, to avoid the drilling of unnecessary wells and to protect the correlative rights of property owners, it is therefore ORDERED as follows:

1. For all wells drilled in the Knox and Stones River formations in the Rose Hill field in Lee County, Virginia, which are designed to explore and/or produce from the Knox and Stones River formations, a 120-acre drilling unit with a tolerance of 15 percent (15%) is hereby established. To the extent reasonably possible, all 120-acre units are to be of uniform size and shape for the entire Rose Hill field, taking into consideration topography and property lines of the lands underlain by the Knox and Stones River formations.



2. Any well drilled in such 120-acre drilling unit with a tolerance of 15 percent (15%) shall not be located at any point within such unit less than 350 feet from the boundary of such unit.

3. Except as provided by law, Rules of the Board and any exception granted by the Board after Notice and hearing, no more than one well shall be hereafter produced from the Knox and Stones River formations in the Rose Hill field in any drilling unit formed by this Order. Any well hereafter drilled within such drilling unit shall be located as described in this Order unless, after proper Notice and hearing, exception thereto has been granted by the Board after proper Notice and hearing.

4. In no event shall any of the wells drilled to the Knox and Stones River formations be located closer than 1765 feet to any other well completed or permitted in the same pool.

5. In the event that there are two or more separately owned tracts embraced within any drilling unit formed by this Order, any well hereafter drilled in such drilling unit shall be located pursuant to the provisions of this Order unless an exception thereto has been granted by the Board after proper Notice and hearing.

This Order shall relate nunc pro tunc to August 11, 1988.

OIL AND GAS CONSERVATION BOARD

Berg R. Wampler  
CHAIRMAN

Done and performed this 20<sup>th</sup> day of March, 1989

by Order of the Board.

Dwight J. Huffman  
Principal Executive to the Staff,  
Oil and Gas Conservation Board